

Co-operative Federation of Victoria Ltd

RMB 1282 Langs Road, Blampied, Victoria, 3364

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Making Mutuality Work Workshop

I am pleased to enclose a copy of the notes used by Edgar Parnell for yesterday's workshop.

The attendance and participation was very pleasing and an important opportunity to hear an internationally renowned co-operative speaker.

I would also like to thank those participants who completed the workshop evaluation form. This will be particularly useful in assisting us in the planning of future workshops. I have enclosed an analysis of the responses.

David Griffiths

Chairman

30 March 1999

Edgar Parnell
Plunkett Foundation
Hanborough Business Park
Long Hanborough
Oxford
United Kingdom

**REINVENTING
CO-OPERATION**
- the challenge of the
21st Century




I have come here not to
comfort you but instead
to challenge you

What we mean by:
“REINVENTING”
and
Real Co-operation ?

Referring back to the original ideas and concepts which made the model successful and then re-designing it, taking into account changed conditions , new knowledge and experiences

In the face of the accelerating pace of change it is easy come to believe that co-operatives will not be able to cope

- ◆ Whenever co-operatives meet the *real* needs of their members they grow and prosper
 - but when they lose sight of their purpose they go into decline or are hijacked

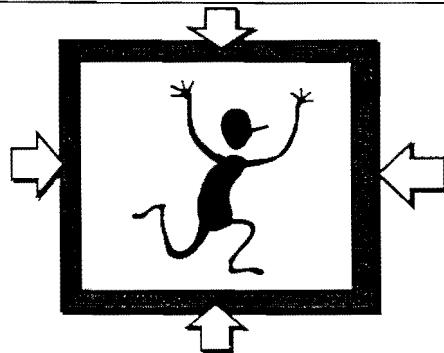
There are real opportunities for co-operatives to make substantial advances

There needs to be a more open acceptance of the weaknesses existing in many co-operatives

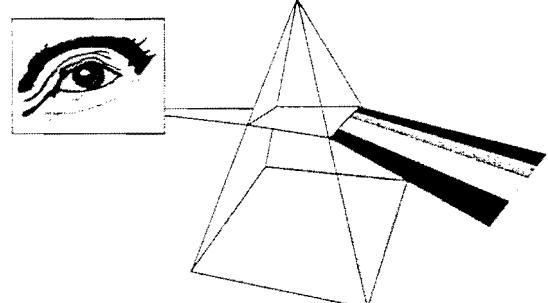
There needs to be a much more open acceptance of:

- The structural and organisational weaknesses that exist within many co-operatives
- The need for a new determination to identify these and to correct them

We often remain trapped by myths and misunderstandings



We sometimes need to see things from a new perspective



The main impediment to expansion lies in the lack of a credible performance on the part of many co-operatives

The reasons for poor performance can often be traced back to the fact that co-operatives are no longer based on true co-operation

In some cases legislation has been secured which imposes new standards that otherwise would not match up to those offered by co-operatives
Leaders frequently rest on their laurels when they should be moving on to meet the new priorities of their members

Are we confident that we are addressing those matters that are of real and pressing concern to our members?

Directors should be continually reviewing what the co-operative offers and making the changes needed

Co-operatives will not win the support of their members by quoting co-operative values - but only by delivering tangible benefits to them

The Proof is Doing it!



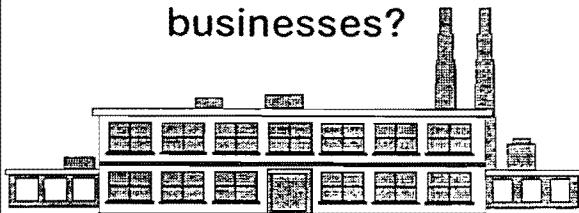
There are many different factors which are forcing co-operatives to change most notably the growing concentration of multinational businesses

State and Corporate Power Compared (1994) Total GDP/Total Sales US\$ billions

Country or Corporation

Indonesia	175
General Motors	169
Turkey	150
Denmark	146
Ford	137
South Africa	123
Toyota	111
Exxon	110
Royal Dutch Shell	110
Norway	110

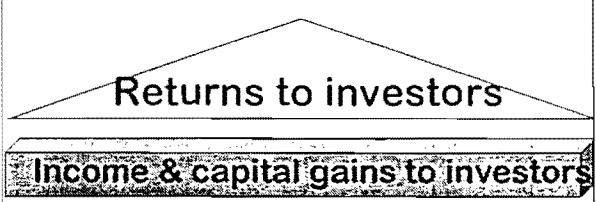
How can co-operatives respond to the growing power of bigger and bigger global businesses?



REINVENTING CO-OPERATION

- *ONLY* if the people involved in an enterprise have a clear understanding of its purpose and objectives - also who it exists to serve, is it likely to be successful

In the investor company the purpose and objectives are -



In a co-operative the purpose and objectives are -

Benefits to members

Specific benefits to members

What do we mean by "member benefits"?

This is not by any means limited to financial benefits but includes anything that the member truly perceives as a benefit received as a result of their co-operation

REINVENTING CO-OPERATION

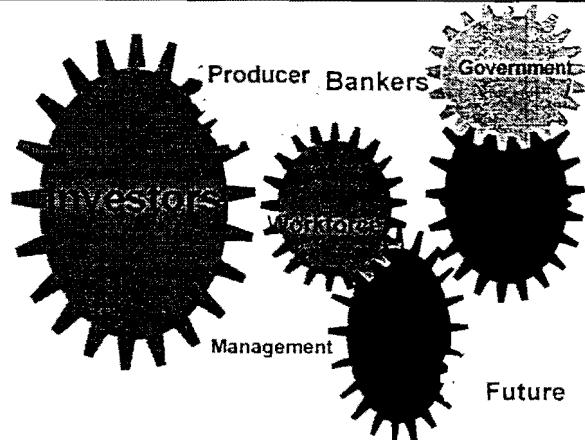
We need to be concentrating on our objectives
not just reciting the rules

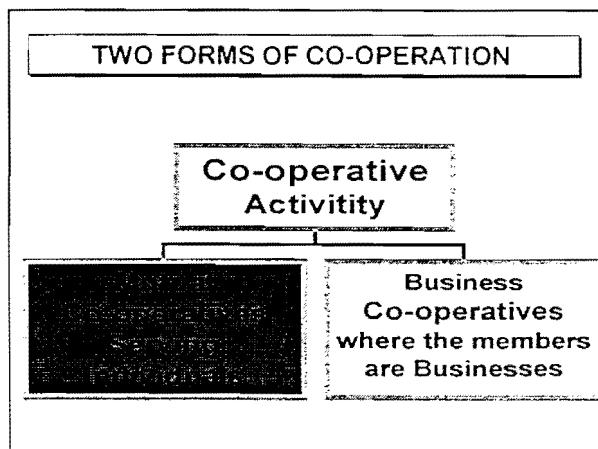
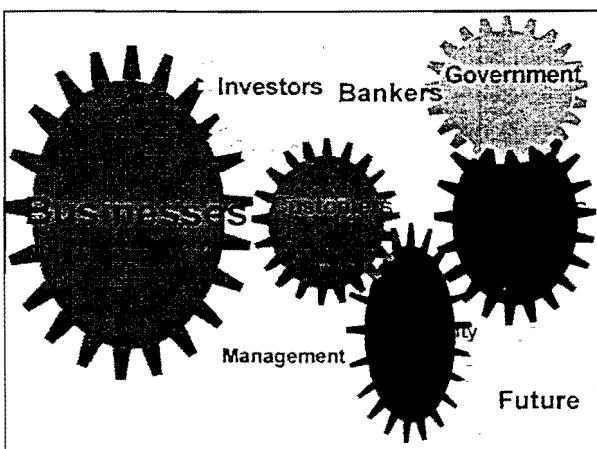
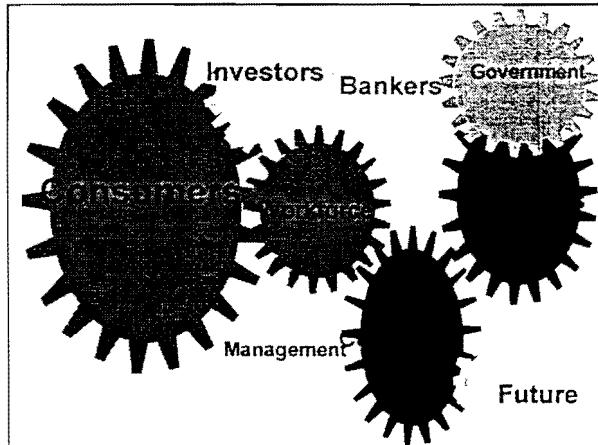
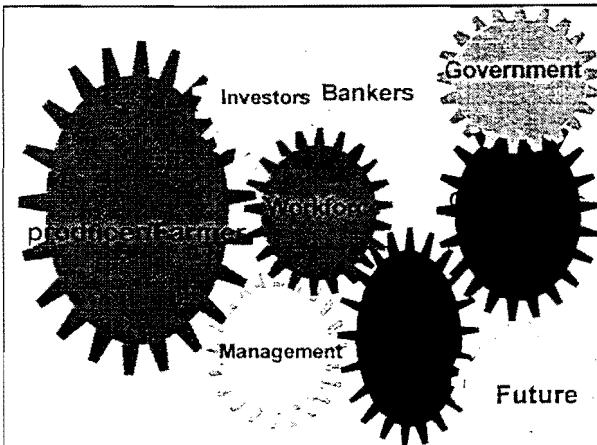


The Stakeholder Groups in any Business

- ◆ Customers
- ◆ Investors
- ◆ Producers/Suppliers
- ◆ Management
- ◆ Workforce

- ◆ Bankers
- ◆ Government
- ◆ Community
- ◆ Future Generations



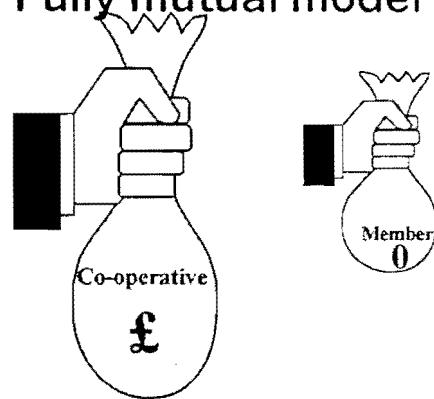


REINVENTING CO-OPERATION

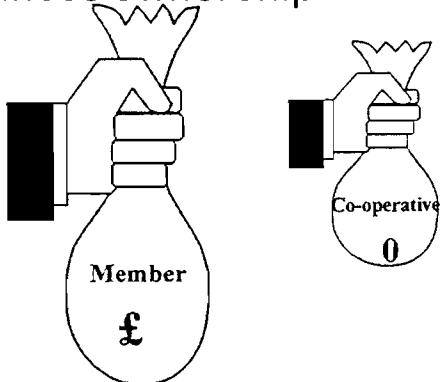
- Members need to know what form of co-operative they are in, is it a -

"MUTUAL"
or a
"BUSINESS"
co-operative?

Fully mutual model



Business ownership model



Most co-operatives had small beginnings, the ways of doing things in such small enterprises are no longer adequate when co-operatives become large-scale organisations

Size is a major factor in the design of anything, co-operatives need to be redesigned as they grow

Successful co-operatives need professional managers, and need to grow to achieve economies of scale. The result will usually be that members become less involved

Often member-directors abdicate the overall direction of their co-operative to professional managers

Control in many co-operatives has slipped away from members, priorities soon become based on the competencies of managers, instead of focusing on the needs of members

"My people and I have come to an agreement which satisfies us both:

They are to say what they please, and I am free to do what I please"

. Frederick the Great of Prussia

Marketing is no substitute for a genuine dialogue with members

Persuading members to buy things which are not in their own best interest can only undermine the integrity of the relationship between the co-operative and its members

What we mean by: "Real-life Decision-Making"

- In real life people decide first what they want and then work out if they can afford it or not.**

In real life people decide first what they want and then work out if they can afford it.

Co-operatives need to make decisions in a similar way, as distinct from investor-owned companies where decisions are based on profit maximisation

Co-operatives need to be redesigned if they have:

- outgrown their system of governance
- if attitudes towards capital are out-of-date

- when managers and staff seem to be unaware of the fundamental differences of approach required to run a successful co-operative

Both organisational change and cultural change are needed as part of a full 'reinventing process' to make the quantum leap to becoming a truly successful co-operative

It is not sufficient to rely upon formal democratic processes to maintain a meaningful link with the members

Many distractions can lead a co-operative away from its central purpose, including the dangers of conversion into either a management or investor-driven organisation.
Trading heavily with non-members opens the door to such diversions

Delivery of benefits to members should be at the top of a clear hierarchy of objectives
Other objectives will also need to be achieved but must be regarded as supporting objectives

A clear vision of the co-operative's future needs to be established by its leaders, and set out in a 'vision statement'

The 'vision statement'
Needs to be free from platitudes and reflect realistic possibilities
Idle dreams will only result in the growth of cynicism throughout the co-operative

The entire system of organisation needs to be designed around the need to achieve the co-operative's purpose and objectives

The representational systems in most co-operatives are based on the geographic location of the member but this is not the only basis
Systems can be evolved that affiliate members according to areas of interest

Members carrying out representative functions and the directors of co-operatives need to be given clear job descriptions and training for their functions

Co-operative leaders need to promote more active member involvement and to encourage potential member-representatives and directors

New technology provides considerable opportunities for securing much more active member involvement in the decision-making processes

The day-to-day decision-making needs to be fast and responsive in the larger co-operative this may require the establishment of a 'policy forum'

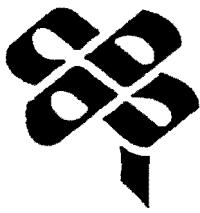
Activities not in harmony with the co-operative's purpose, or beneficial only to a minority of the membership are often best separated off into either a subsidiary company or to a separate co-operative

- ◆ Any Questions?
- ◆ Comments? 
- ◆ Further explanations?

That's all folks

END

FIN



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Making Mutuality Work 29 March 1999 Evaluation Questionnaire

Ten questionnaires were returned and the responses to each of the statements were as follows:

The trainer put a high priority on the needs of the participants.

Strongly Disagree 1

Disagree 1

Don't Know -

Agree 5

Strongly Agree 2

No Response 1

The aims of the training were made clear before and during the workshop.

Strongly Disagree 1

Disagree -

Don't Know -

Agree 5

Strongly Agree 4

The venue was suitable for the workshop.

Strongly Disagree -

Disagree 3

Don't Know -

Agree 4

Strongly Agree 3

The topics covered were relevant to my co-operative.

Strongly Disagree 1

Disagree 2

Don't Know -

Agree 3

Strongly Agree 3

No Response 1

The workshop was presented in an interesting manner.

Strongly Disagree -

Disagree 2

Don't Know 2

Agree 2

Strongly Agree 4

The issues were covered in sufficient depth.

Strongly Disagree 1

Disagree 1

Don't Know -

Agree 5

Strongly Agree 3

All issues were covered and there was nothing left out.

Strongly Disagree 1

Disagree 4

Don't Know -

Agree 2

Strongly Agree 3

David Griffiths

Chairman

30 March 1999